



## **Land Valuation January 2015 Assessors' Conference**

**January 22, 2015**

# **WELCOME!**

**Cell Phones on Vibrate, Please**



# Land Valuation

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Derek Grimes – Dept. of Local Government Finance  
Philip Wagner – Department of Natural Resources  
Brenda Huter – Department of Natural Resources



# Land

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- IC 6-1.1-4-13
- Agricultural land; assessment
  - **Sec. 13. (a) In assessing or reassessing land, the land shall be assessed as agricultural land only when it is devoted to agricultural use.**
- d) This section does not apply to land purchased for industrial, commercial, or residential uses.



# Land

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**AGRICULTURAL LAND**



# Land

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- Agricultural Land – Detailed Soil Maps:
- Agricultural land is valued using a detailed soil map issued by the U.S. Department of Agriculture's Natural Resource Conservation Service (NRCS).
- Each county has a specific map showing the various soil types located throughout the county. The NRCS may have your county on a digitized disk.



# Land

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- Agricultural Land – Market Value in Use:

The market value in use agricultural land base rate is calculated using statewide cash rent and operating net income data over a six (6) year period.

This data is then capitalized to arrive at a yearly rate for each type.



# Land

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- Agricultural Land – Base Rate:

Both types are then added together to arrive at an average for a six (6) year period.

The Legislature has modified the calculation by removing the highest year of the six (6) year period and the remaining five (5) years are considered in the calculation.



# Land

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- Agricultural Land – Base Rate:

A brief explanation of the process and the calculations can be viewed on the Department's website at [www.in.gov/dlgf](http://www.in.gov/dlgf) under the document heading, "Supplemental Document for Valuing Agricultural Land Assessments'.

[https://secure.in.gov/dlgf/files/pdf/Ag\\_Report\\_2014\\_Final.pdf](https://secure.in.gov/dlgf/files/pdf/Ag_Report_2014_Final.pdf)





# Land

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- Agricultural Land – Base Rate:
- A history of the base rates are:

2006	\$880	2011	\$1,500
2007	\$1,140	2012	\$1,630
2008	\$1,200	2013	\$1,760
2009	\$1,250	2014	\$2,050
2010	\$1,290	2015	\$2,420*

\*Note: There is a good chance the General Assembly will address the agricultural base rate, which could change the rate for the March 1, 2015 assessment date.



# Land

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- Agricultural Land – Acreage Size:

There is no magic number of acres that makes a parcel agricultural.

In the 1989 reassessment, the state determined that 5.00 acres was the cut-off and anything over that was considered agricultural.



# Land

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- Agricultural Land – Acreage Size:
- The 5.00 acre size definition was removed in the 1995 and 2002 reassessment and it became the assessor's responsibility to determine the property class by individual parcel use.



# Land

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Agricultural Land ???



# Land

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- IC 6-1.1-4-13

Agricultural land; assessment

Sec. 13. (a) In assessing or reassessing land, the land shall be assessed as agricultural land only when it is devoted to agricultural use.

**d) This section does not apply to land purchased for industrial, commercial, or residential uses.**





# Land

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- Woodland Acreage – Ag or Excess Acres
- What was the landowner's intent at the time of acquisition of the woodland area?
- If the landowner's intent was to produce and nurture a quality stand of timber producing trees and has supporting evidence that he or she is working toward that goal, then the woodland acreage is going to be valued using agricultural productivity method as agricultural land.



# Land

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- Woodland Acreage – Ag or Excess Acres
- Possible landowner supporting evidence for consideration as being agricultural land are:
  - 1) Area is associated with a Farm Service Agency (FSA) number.
  - 2) Area is identified with a Stewardship Plan with the primary objective of producing timber. Plan must be prepared by professional forester.



# Land

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- Woodland Acreage – Ag or Excess Acres
- Possible landowner supporting evidences for consideration as being agricultural land are:
  - 3) The existence of an active timber management plan by presenting a timeline of management activities completed or planned for the area.
  - 4) Financial records documenting money invested in timber resource management activities.





# Land

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- Woodland Acreage – Ag or Excess Acres
- Possible landowner supporting evidences for consideration as being agricultural land are:
  - 5) Documentation of past forest harvests, such as:
    - a) Sale notices.
    - b) Sale contracts.
    - c) Log yard tickets.
    - d) Sale inventories.



# Land

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- Woodland Acreage – Ag or Excess Acres
- So if the woodland acreage does not qualify as being used for agricultural purposes, what is it?
- It is either industrial, commercial, or residential with residential being the more practical choice.



# Land

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- Woodland Acreage – Ag or Excess Acres
- Excess Acre is the price per acre that a knowledgeable buyer and seller agree upon to transfer title to a piece of non-improved property on a specific date.
- Care should be taken when examining sales disclosures to calculate this rate. Larger parcels often sell for less per acre than smaller parcels.



# Land

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- Woodland Acreage – Ag or Excess Acres
- The application of using the Excess Acre calculation is applying the specified acreage base rate across the entire area designated as non-agricultural.
- The resulting answer should reflect the market value-in-use of the subject area.



# Land

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- Woodland Acreage – Ag or Excess Acres
- In February of 2008, the Department issued a memorandum, which was incorporated into Chapter 2 of the 2012 Guidelines.
- In Chapter 2 on pages 91-92, there are woodland examples indicating the valuation methodology between the agricultural method versus the residential excess acres method for some common situations.



# Land

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- Woodland Acreage – County Interpretations
- Are all counties valuing woodland acreage uniformly with their surrounding counties?
- Answer: ?????



# Land

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- Woodland Acreage – County Interpretations
- I don't know the answer to that question.
- However, the Department of Natural Resources plays an integral part in working with taxpayers and the assessing community on this subject.
- Please let me introduce Phillip Wagner from the Department of Natural Resources.



# Land

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**Philip Wagner**  
DNR Representative





# Land

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**Brenda Huter**  
DNR Representative



# Land

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- Establishing Land Values – County Assessor
- IC 6-1.1 4-4.2 (8) County Reassessment Plan
- (8) The reassessment plan must specify the dates by which the county assessor must submit land values under section 13.6 of this chapter to the county Property Tax Assessment Board Of Appeals (PTABOA).
- The submission date was part of the reassessment plan approval process by the Department.



# Land

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- Establishing Land Values – County Assessor
- The county assessor shall determine the values of all classes of commercial, industrial, and residential land (including farm homesites) in the county using guidelines determined by the Department.
- The assessor determining the values of land shall submit the values to the PTABOA by the dates specified in the county's reassessment plan under IC 6-1.1-4-4.2 (8).



# Land

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- Establishing Land Values – PTABOA
- If the county assessor fails to determine the land values by the designated date identified within the county's reassessment plan, the PTABOA shall develop the values.



# Land

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- Establishing Land Values – Petition for Review
- IC 6-1.1-4-13.6(d) includes a review process for property owners who want the county assessor's determined land values to be reviewed.
- A review petition would be filed with the Department within forty-five (45) days after the assessor determines the land values.



# Land

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- Establishing Land Values – Petition for Review
- The review petition must contain the signatures of the lesser of:
  - One hundred (100) property owners in the county; or
  - Five percent (5%) of the property owners in the county.



# Land

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- Establishing Land Values – Petition for Review
- Upon receipt of a petition for review, the Department:
  - 1) shall review the land values determined by the county assessor, and
  - 2) after a public hearing, shall:
    - a) approve the land values,
    - b) modify the land values, or
    - c) disapprove the land values.



# Land

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- Establishing Land Values – Assessor Delivery
- QUESTION: Are all PTABOA meetings commensurate with Open Door policies and subject to public notice by posting or advertisement?





# Land

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- Establishing Land Values – Assessor Delivery
- ANSWER: It is the Departments's opinion that all PTABOA meetings shall be compliant with Open Door policy and subject to the posting and advertising requirements. This definitely includes the PTABOA meeting where the county assessor determines the reassessment land values that are delivered to the PTABOA.



# Land

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- Establishing Land Values – Assessor Delivery
- QUESTION: What is the PTABOA's function when the county assessor presents the determined land values to them at the prescribed time?



# Land

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- Establishing Land Values – Assessor Delivery
- ANSWER: The statute basically states that the county assessor shall deliver the values to the PTABOA. There is no explanation within the statute as to any necessary PTABOA action upon receipt of the county assessor's determined values (i.e. approval, denial, or modification). Short of any statutory provisions, what transpires after the delivery of the values is determined by the two parties involved.



# Land

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- Establishing Land Values – Assessor Delivery
- QUESTION: Taxpayers have a 45 day right to appeal period after the county assessor determines land values. When does that appeal period begin?



# Land

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- Establishing Land Values – Assessor Delivery
- ANSWER: Assuming that the county assessor cannot change values after presenting the determined values to the PTABOA, the delivery date may be the best date to use in determining the start date for the 45 day appeal period.
- (A special PTABOA hearing notification may be in order to promote taxpayer participation)



# Land

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- Establishing Land Values – Assessor Delivery
- Some suggested notification procedures may be:
  - Advertise as a public hearing the county's PTABOA meeting to receive the county assessor's determined land values;
  - Posting information on county website;
  - Post and/or advertise that the county assessor has determined the land values and they are open for public inspection at the assessor's office.



# Land

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- Establishing Land Values – Assessor Delivery
- Once the values have been determined by the county assessor, the county assessor shall notify all township assessors (where applicable) of the values.
- Assessing officials shall use these values in determining the land assessments.



# Land

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- Establishing Land Values – Assessor Delivery
- The county assessor's determined values should be delivered to the PTABOA on a basis of:
  - 1) Township,
  - 2) Property category, and
  - 3) Geographic neighborhood.





# Land

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- Establishing Land Values – Assessor Delivery
- Neighborhood is best defined as a group of parcels within a geographic area exhibiting a high degree of homogeneity in amenities, land use, economic and social trends, and characteristics.
- Neighborhoods were previously established in the 2012 reassessment but may need to be “tweaked” based on additional information gathered through the process.



# Land

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- Establishing Land Values – Assessor Delivery
- As county assessor, it is your responsibility to establish the base rates, which equate into a final land value, when processed through the mechanics associated with the individual parcels.
- Base rates may be:
  - 1) Dollars per front foot
  - 2) Dollars per acre
  - 3) Dollars per square foot
  - 4) Dollars per site value



# Land

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- Establishing Land Values – Assessor Delivery
- Reporting to the PTABOA should be done by identifying the following:
  - 1) A general description of the neighborhood boundaries with a designated neighborhood identifier.
  - 2) A standard lot size that designates the “norm” for the neighborhood.
  - 3) A designated pricing method (i.e. front foot, acreage, square foot, or site value).



# Land

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- Establishing Land Values – Assessor Delivery
  - 4) A designated depth table standard, if using the front foot method.
  - 5) A designated base rate or base rate range applicable to the designated neighborhood.
  - 6) The value of the neighborhood's standard lot by applying the mechanics to calculate the lot's value.



# Land

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- Establishing Land Values – Assessor Delivery
- The county assessor's delivery to the PTABOA should be in an organized and written form.
- The following are examples of the reporting forms used previously in the 2002 General Reassessment:
  - 1) The residential form.
  - 2) The agricultural homesite & rural residential form.
  - 3) The commercial & industrial form.

**RESIDENTIAL Neighborhood Valuation Form**

To be submitted to the Property Tax Assessment Board of Appeals by Township Assessor

Page \_\_\_\_ of \_\_\_\_

County Number: \_\_\_\_\_

Map Number: \_\_\_\_\_

Township Number: \_\_\_\_\_

Neighborhood Number: \_\_\_\_\_

Taxing District Number: \_\_\_\_\_

Land Value Ratio: \_\_\_\_\_

Adjoining Neighborhood Numbers:

Place the adjoining neighborhood numbers in the appropriate directional space. If the adjoining neighborhood is in a different township, place the STB county number and the STB township number in the applicable space. If the neighborhood is unknown, place an X after the township number.  
Example West: 04 - 0003 - # 4 (Benton Co. - Gilboa Twp. - Neigh. #4)

North: \_\_\_\_\_

East: \_\_\_\_\_

South: \_\_\_\_\_

West: \_\_\_\_\_

Total Land Improvement Costs Attributable to Neighborhood (Total of items below): \$ \_\_\_\_\_

Sewage Disposal System: \$ \_\_\_\_\_ Water System: \$ \_\_\_\_\_ Other: \$ \_\_\_\_\_

**PLATTED LOTS: [ ]****Base Size:****Pricing Method:****Base Rate:****Base Value:**

Width: \_\_\_\_\_

Per Front Foot: [ ]

Low: \_\_\_\_\_

Low: \_\_\_\_\_

Depth: \_\_\_\_\_

Per Square Foot: [ ]

High: \_\_\_\_\_

High: \_\_\_\_\_

Depth  
Table: \_\_\_\_\_

Per Acre: [ ]

**Residential Excess Acreage:**Acre / S.F.  
Size: \_\_\_\_\_

Site Value: [ ]

Low: \_\_\_\_\_

High: \_\_\_\_\_

**UNPLATTED ACREAGE: [ ]****Base Size:****Pricing Method:****Base Rate:****Base Value:**Acre / S.F.  
Size: \_\_\_\_\_

Per Front Foot: [ ]

Low: \_\_\_\_\_

Low: \_\_\_\_\_

Per Square Foot: [ ]

High: \_\_\_\_\_

High: \_\_\_\_\_

Per Acre: [ ]

**Residential Excess Acreage:**

Site Value: [ ]

Low: \_\_\_\_\_

High: \_\_\_\_\_

Comments Concerning Neighborhood \_\_\_\_\_

Figure 2-1. Providing Valuation Information for Residential Neighborhoods



**AGRICULTURAL HOMESITE and RURAL RESIDENTIAL Neighborhood Valuation Form**

To be submitted to the County Property Tax Assessment Board of Appeals by Township Assessor

Page \_\_\_\_ of \_\_\_\_

County Number: \_\_\_\_\_ Map Number: \_\_\_\_\_

Township Number: \_\_\_\_\_ Neighborhood Number: \_\_\_\_\_

Taxing District Number: \_\_\_\_\_ Land Value Ratio: \_\_\_\_\_

Adjoining Neighborhood Numbers: Place the adjoining neighborhood numbers in the appropriate directional space. If the adjoining neighborhood is in a different township, place the STB county number and the STB township number in the applicable space. If the neighborhood is unknown, place an X after the township number. Example: West: 04 - 0003 - #4 (Benton Co. - Gilboa Twp. - Neigh. #4)

North: \_\_\_\_\_

East: \_\_\_\_\_ South: \_\_\_\_\_ West: \_\_\_\_\_

Total Land Improvement Costs Attributable to Neighborhood (Total of items below): \$ \_\_\_\_\_

Sewage Disposal System: \$ \_\_\_\_\_ Water System: \$ \_\_\_\_\_ Other: \$ \_\_\_\_\_

AGRICULTURAL HOMESITES: [ ]		RURAL RESIDENTIAL: [ ]		
<u>Land Classification:</u>	<u>Base Rate:</u>	<u>Excess Acreage Rate:</u>		
	Low:	High:	Low:	High:
EXCELLENT	_____	_____	_____	_____
GOOD	_____	_____	_____	_____
AVERAGE	_____	_____	_____	_____
BELOW AVERAGE	_____	_____	_____	_____
POOR	_____	_____	_____	_____

Comments Concerning Neighborhood \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Figure 2-2. Providing Valuation Information for Rural Residential Acreage or Agricultural Homesites in a Neighborhood**

**COMMERCIAL and INDUSTRIAL Neighborhood Valuation Form**

To be submitted to the County Property Tax Assessment Board of Appeals by Township Assessor

Page \_\_\_\_ of \_\_\_\_

County Number: \_\_\_\_\_

Map Number: \_\_\_\_\_

Township Number: \_\_\_\_\_

Neighborhood Number: \_\_\_\_\_

Taxing District Number: \_\_\_\_\_

Land Value Ratio: \_\_\_\_\_

Adjoining Neighborhood Numbers:

Place the adjoining neighborhood numbers in the appropriate directional space. If the adjoining neighborhood is in a different township, place the STB county number and the STB township number in the applicable space. If the neighborhood is unknown, place an X after the township number. Example West: 04 - 0003 - # 4 (Benton Co. - Gilboa Twp. - Neigh. #4)

North: \_\_\_\_\_

East: \_\_\_\_\_ South: \_\_\_\_\_ West: \_\_\_\_\_

Total Land Improvement Costs Attributable to Neighborhood (Total of items below):\$ \_\_\_\_\_

Sewage Disposal System: \$ \_\_\_\_\_ Water System: \$ \_\_\_\_\_ Other: \$ \_\_\_\_\_

**PLATTED:** [ ]

<u>Base Size:</u>	<u>Pricing Method:</u>	<u>Base Rate:</u>	<u>Base Value:</u>
Width: _____	Per Front Foot: [ ]		
Depth: _____	Per Square Foot: [ ]	Low: _____	Low: _____
Depth _____	Per Acre: [ ]		
Table _____			
Acre / S.F.	Site Value: [ ]	High: _____	High: _____
Size: _____			

**UNPLATTED:** [ ] For front foot pricing and small acreage tracts, complete the platted section.

<u>Pricing Method:</u>	<u>Land Classification:</u>	<u>Base Rate:</u>
		Low: _____ High: _____
Per Square Foot: _____	PRIMARY: _____	
	SECONDARY: _____	
Per Acre: _____	USABLE UNDEVELOPED: _____	
	UNUSABLE UNDEVELOPED: _____	

Comments Concerning Neighborhood \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Figure 2-3. Providing Valuation Information for Commercial or Industrial Acreage**





# Land

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- Establishing Land Values – Assessor Delivery
- Probably a more concise way to deliver the county assessor's determined land values to the PTABOA is to develop a spreadsheet with the prescribed information.
- The following is a relatively quick format that I developed for demonstration purposes:



# Land

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## COUNTY ASSESSOR DETERMINED VALUES FOR REASSESSMENT

Township: \_\_\_\_\_

Neighborhood Number	Neighborhood Boundaries	Standard Lot Size	Pricing Method	Depth Table	Base Rate Low	Base Rate High	VALUE LOW	VALUE HIGH



# Land

## COUNTY ASSESSOR DETERMINED VALUES FOR REASSESSMENT

Township: Bigger

Neighborhood Number	Neighborhood Boundaries	Standard Lot Size	Pricing Method	Depth Table	Base Rate Low	Base Rate High	VALUE LOW	VALUE HIGH
1234	East Broad St., Hammond Ave, & Charles St	60 x 120	FF	120	\$200	\$200	\$12,000	\$12,000
1235	Willow Creek Sub. HIGH - Golf Course lots	80 x 145	FF	150	\$300	\$500	\$23,760	\$39,600
2233	Pixey Ridge Area	.75 acres	Acreage	Acreage	\$20,000	\$20,000	\$18,750	\$18,750



# Land

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QUESTIONS?



# Contact the Department

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- Derek Grimes
  - Telephone: 317.234.8889
  - Fax: 317.974.1629
  - E-mail: [dgrimes@dlgf.in.gov](mailto:dgrimes@dlgf.in.gov)
- Website: [www.in.gov/dlgf](http://www.in.gov/dlgf)
  - “Contact Us”: [www.in.gov/dlgf/2338.htm](http://www.in.gov/dlgf/2338.htm)